



TULARE COUNTY TREASURER'S INVESTMENT POOL

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issued By
Rita Woodard
Auditor-Controller /Treasurer-Tax Collector

Mission Statement

It is the Mission of the Tulare County Treasury to provide the citizens, agencies, and employees of Tulare County with effective, high-quality financial services in a manner that is professional, courteous, responsive and efficient. To meet our service obligations, we employ modern, cost-effective and flexible methodologies in the receipt, investment and security of public monies in an overall effort to maintain the highest levels of customer service satisfaction and public confidence.

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INTRODUCTORY SECTION

County of Tulare

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February 25, 2011

Board of Supervisors & Treasury Oversight Committee
County of Tulare
Tulare County Administration Building
Visalia, California 93291

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Tulare County Investment Pool (the "Investment Pool") for the year ended June 30, 2010. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Treasurer's Office.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position, and changes in financial position of the Investment Pool in conformity with accounting principals generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Investment Pool's financial activities have been included.

The Investment Pool's financial statements have been audited, in accordance with auditing standards generally accepted in the United States, by Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Investment Pool for the year ended June 30, 2010, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Investment Pool's financial statements for the year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter transmittal is designed to compliment the MD&A and should be read in conjunction with it. The Investment Pool's MD&A can be found after the independent auditor's report.

This CAFR is presented in four (4) major sections:

1. The Introductory Section, which is unaudited, consists of this letter of transmittal, including a profile of the Tulare County Investment Pool, acknowledgments, and a list of the Treasury Oversight Committee Members.
2. The Financial Section, provides management's discussion and analysis, the financial statements, and notes to the financial statements. This section also contains the unqualified opinion of the independent auditor.
3. The Investment Section, which is unaudited, provides an overview of the Treasurer's investment program. This section contains information relating to the investment activities of the Treasury, including a summary of the Treasury's investment policies, the Pool's asset allocation, and other portfolio information.
4. The Statistical Section, which is unaudited, is the final section of the report and consists of various tables and schedules depicting trends and miscellaneous, relevant data concerning Pool investments.

Profile of the Tulare County Investment Pool

The Tulare County Investment Pool is a local government pool with more than \$828 million in assets as of June 30, 2010. The management responsibility for the Investment Pool has been delegated by the Tulare County Board of Supervisors to the Tulare County Auditor-Controller / Treasurer-Tax Collector, an elected official who is responsible for tax collection, banking, investment, and accountability of public funds. The Investment Pool is managed by the Treasurer's Office on behalf of the Investment Pool participants. As of June 30, 2010, the County's portion of the Investment Pool assets was approximately 32.5%, while the external portion that is not part of the County represented approximately 67.5% of the investment portfolio. Depositors in the Investment Pool include both "mandatory" and "voluntary" participants located within the County of Tulare.

Mandatory participants include the County of Tulare, K-12 school districts, the College of the Sequoias, and various special districts and other accounts controlled by the County Board of Supervisors. Mandatory participants are defined as those agencies required by law to deposit their funds with the County Treasurer's Office. Mandatory participants comprise the majority of the Investment Pool's assets, approximately 96.4% as of June 30, 2010.

Voluntary participants are those agencies that are not required to place their funds in the Investment Pool, and do so only as an investment option. Voluntary participants include County Retirement and various special district and other local government agencies. As of June 30, 2010, voluntary participants accounted for approximately 3.6% of the Investment Pool.

In addition to investment management, the Treasurer's Office also provides cash management and banking services to all mandatory participants. These services include, but are not limited to: warrant redemption, Automated Clearing House (ACH), Federal Wire payments, and acceptance of deposits.

Investment Policies and Practices

The Investment Pool's primary objective is the *safety* and preservation of capital. The second objective is the continual maintenance of *liquidity* (or always having the ability to cover the cash flow needs of its participants). The third objective is *yield*. The following goals have been set for the next fiscal year 2010/2011:

- Continue to earn a total rate of return which is approximately equal to or greater than the benchmarks established by the Investment Policy.
- Continue to improve systems and processes by working toward a paperless environment while maintaining appropriate internal control.
- Implementation of a new deposit/cashiering system to improve cash management and provide a higher level of customer service.

The Treasurer's Office prepares the Investment Policy on an annual basis, to ensure the integrity of the Investment Pool and to provide guidelines for its operation. Upon completion of the Investment Policy by the Treasurer's Office, it is presented for review to the Treasury Oversight Committee, and then to the County Board of Supervisors for their approval at a public meeting.

The maturity distribution of the Investment Pool is limited by the Investment Policy, which places restrictions on the securities that may be purchased. Cash, temporarily idle during the year, was invested in obligations of the U.S. Treasury, U.S. government agencies, commercial paper, municipal obligations, corporate bonds and medium-term notes, money market accounts, repurchase agreements and federally insured and/or collateralized certificates of deposit. The maturities of the investments range from one day to five years, with a weighted average maturity as of June 30, 2010 of 740 days. The weighted average effective yield (annualized) on investments as of June 30, 2010 was 2.202%. To safeguard the investments, a custodian is employed to safekeep, settle, and accept interest payments on investments held by the Investment Pool. To facilitate internal security and safeguards, the Investment Policy requires an annual audit and the establishment and maintenance of internal control procedures.

For the 2009/2010 fiscal year, the Investment Pool earned a 2.58% annualized earnings rate (net of fees). The Investment Pool's average rate of return (net of fees) over the last three years was 3.62% and 3.74% over the last five years. The Treasurer's Office has implemented a system of internal controls designed to ensure the reliability of reported investment information. The Treasurer's Office provides monthly and quarterly investment reports to the Board of Supervisors. Furthermore, the Board of Supervisors has established the Treasury Oversight Committee, who monitors the management of funds and reviews the Investment Policy.

Please refer to the Investment Section (pages 33- 41) of this CAFR for additional information on investments.

Market Events

The past year continued to present challenges for the portfolio, including high unemployment, declining revenues, and low asset returns. Market yields continued in a volatile downward trend, ultimately settling into a trading range at historically low levels. Throughout the year, the County's portfolio was diversified among securities of the highest quality, including short- and intermediate-term U.S. Treasuries, Federal Agencies, FDIC-guaranteed corporate notes, and highly-rated corporate securities. At all times, the portfolio was in compliance with the appropriate safeguards set in place by the County's Investment Policy Statement.

For the fiscal year, the decline in interest rates contributed to positive price appreciation for all sectors. Over the 12 months ended June 30, 2010, the Investment Portfolio had an overall net realized earnings rate of 2.58%.

Given the market's expectation for a prolonged domestic recovery, high unemployment, subdued inflation, and slow global growth, it appears the Federal Reserve will maintain the federal funds target rate between 0.00% and 0.25% for the foreseeable future. This should likely keep short-term rates anchored at or near historic lows. As a result, we plan to maintain the duration of the medium-term portion of the Investment Portfolio slightly below that of its benchmark in order to provide some protection if rates rise unexpectedly. The current structure of the portfolio will allow us to easily rebalance the portfolio as interest rates change. In the 2010-2011 fiscal year, we anticipate utilizing the steepness in the yield curve to employ a "roll-down the yield curve" investment strategy to manage the duration, selling shorter-term securities before their maturity dates and re-investing the proceeds farther out on the yield curve.

The purpose of this letter is to assure you that the Investment Portfolio remains strong and stable. The conservative investment management approach by the Treasurer's Office and our Investment Advisors remains in place, and the goal continues to be to provide a safe, high-quality portfolio that outperforms our benchmarks over the long run.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Treasurer's Office and our Advisors. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and determining responsible management of the funds in the Investment Pool.

Requests for Information

This financial report is designed to provide a general overview of the Investment Pool's activities during fiscal year 2009-2010. Questions concerning any of the information provided in this report or requests for additional information, including a complete list of the Investment Pool's current holdings, should be addressed to the Office of the Tulare County Treasurer, 221 South Mooney Boulevard, Room 103-E, Visalia, California, 93291. A copy of this Comprehensive Annual Financial Report can be obtained on our website at http://www.co.tulare.ca.us/government/treasurertax/treasurer_information/.

Respectfully,



Rita A. Woodard
Tulare County Auditor-Controller/Treasurer-Tax Collector

TREASURY OVERSIGHT COMMITTEE

John Snavelly, Chairman	Superintendent Porterville Unified School District
Stanley Bennett, Vice Chair	Business Owner Public Member
Ronald Bosetti	Retired Public Member
Eric Limas	Business Manager Lower Tule River Irrigation District
Jean Rousseau	County Administrative Officer County of Tulare
John Wilborn	Director, External Business Services Tulare County Office of Education
Rita Woodard	Auditor-Controller County of Tulare

TREASURY STAFF

Hiley Wallis	Chief Deputy Treasurer-Tax Coll.
Frank Vigario	Chief Accountant – Treasury
Catarino Galicia	Investment Officer
Kimberly Tapp	Treasury Teller/Cashier
Elisa Montoya	Treasury Teller/Cashier
Monica Martin	Treasury Teller/Cashier
Angela Culbertson	Secretary

FINANCIAL ADVISORS

PFM Asset Management

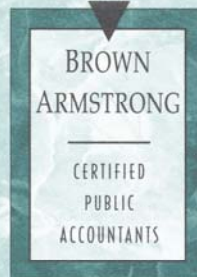
Chandler Asset Management

SAFEKEEPING AGENT

Union Bank

FINANCIAL SECTION

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Tulare
Visalia, California

We have audited the accompanying financial statements of the Treasurer's Investment Pool of the County of Tulare (the County), as of and for the year ended June 30, 2010, which collectively comprise the Treasurer's Investment Pool basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Treasurer's Investment Pool of the County as of June 30, 2010, and results of its investment activity thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2011, on our consideration of the County of Tulare Treasurer's Investment Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Treasurer's Investment Pool financial statements as a whole. The introductory section, investment section, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory, investment, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
February 25, 2011

**Tulare County Investment Pool
Management's Discussion and Analysis
June 30, 2010 (Unaudited)**

As management of the Tulare County Investment Pool (the Pool), we offer readers of the Pool's financial statements this narrative overview and analysis of the financial activities of the Investment Pool for the year ended June 30, 2010. The following analysis primarily focuses on the Investment Pool's current year results in comparison with the prior year. We hope that the information presented here, and in the Letter of Transmittal, provides you with a solid understanding of the Investment Pool's financial status as of June 30, 2010.

Fiscal Year 2009-2010 Economic Summary

One year has passed since the recession officially ended and while the U.S. economy has been on a path of recovery, that path has and will continue to be challenging and slow moving. Weaknesses still exist throughout the economy with high unemployment, a depressed real estate sector, and falling inflation threatening to slow what is to date only a modest recovery. This past year, the unemployment rate reached its highest level since 1983 with a reading of 10.1% in October 2009. The unemployment rate has since moved down, but as of June 30, 2010 was still at an elevated level of 9.5%—representing 14.9 million unemployed people. Housing prices have rebounded from crisis lows, but other recent housing indicators point to more worrying signals as tax incentives have ended and foreclosures continue. Average home prices across the United States are at similar levels to where they were in the fall of 2003 and yet there remains a lack of buyers. With the exception of a jump in sales in April due to the expiration of the government's home buyer tax credit, home sales have trended down since 2005 and ended the fiscal year 16.7% below June 2009 levels.

Going forward, the challenges of a weak housing market, high unemployment rate, modest income growth, and tight credit conditions persist. The European sovereign debt crisis and, more importantly, the austerity measures governments are putting in place to provide relief could have a significant effect on the global recovery. Despite these tumultuous market conditions, GDP was positive all four quarters of the past year and economists are projecting GDP growth to continue, although at subdued levels.

Financial Highlights

- ▶ The assets of the Investment Pool held for Pool Participants at the close of the most recent fiscal year was \$828.3 million (net assets).
- ▶ The Investment Pool's total net assets decreased by \$102.3 million. This represents a net decrease of 11.0% over the last fiscal year.
- ▶ The net investment income of the Investment Pool decreased by 28.9% from \$39.8 million for the year ended June 30, 2009, to \$28.3 million for the year ended June 30, 2010.
- ▶ During the year, the Investment Pool distributed \$22.6 million to participants compared to the previous year's distribution of \$30.9 million. This represents a decrease of \$8.3 million (27.0%) over the last fiscal year.
- ▶ The Investment Pool's expense ratio was competitive at 0.15% of the average daily balance for the fiscal year 2009-10 and 0.14% for the fiscal year 2008-2009.
- ▶ As of June 30, 2010, the market value of the Investment Pool showed an undistributed and net unrealized gain of \$17.6 million compared to an undistributed and net unrealized gain of \$13.2 million at June 30, 2009.

Overview of Investment Pool Financial Statements

This discussion and analysis is intended to serve as an introduction to the Investment Pool's basic financial statements. The basic financial statements consist of two components:

- (1a) Statement of Net Assets;
- (1b) Statement of Changes in Net Assets; and
- (2) Notes to the Basic Financial Statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Net Assets

The Statement of Net Assets presents information on the Investment Pool's assets and liabilities, with the difference between the two reported as *net assets*. The Investment Pool's net assets decreased by \$102.3 million (11%) for the year ended June 30, 2010, primarily due to decrease in earnings and reduced and/or deferred amount of funding received from the State of California. As a result, many participants had to tap into reserves resulting in less money to be deposited and invested by the pool.

A summary of the Investment Pool's net assets is presented below.

STATEMENT OF NET ASSETS				
	2010	2009	Increase/ (Decrease)	Percentage
<u>Assets</u>				
Cash and Receivables	\$ 12,771,840	\$ 8,232,681	\$ 4,539,159	55.1%
Investments at Fair Value	815,611,161	922,431,183	(106,820,022)	-11.6%
Total Assets:	828,383,001	930,663,864	(102,280,863)	-11.0%
<u>Liabilities</u>				
Distributions Payable	-	-	-	
Total Liabilities	-	-	-	
Net Assets Held in Trust for Pool Participants	\$ 828,383,001	\$ 930,663,864	(102,280,863)	-11.0%

Changes in Net Assets

The Statement of Changes in Net Assets presents information on how the Investment Pool's net assets changed during the most recent fiscal year. The additions include additions to pool investments, interest income and changes in the fair value of investments. The deductions consist of deductions from pool investments, income distributions to the Investment Pool participants and operating expenses. Both the additions to and deductions from the Pooled Investments include interfund activity.

A summary of the changes in the Investment Pool's net assets is presented below.

STATEMENT OF CHANGES IN NET ASSETS				
	2010	2009	Increase/ (Decrease)	Percentage
<u>Additions</u>				
Additions to Pooled Investments	\$ 6,227,996,636	\$ 6,363,329,673	\$ (135,333,037)	-2.1%
Net Investment Income	28,317,920	39,815,265	(11,497,345)	-28.9%
Total Additions	6,256,314,556	6,403,144,938	(146,830,382)	-2.3%
<u>Deductions</u>				
Deductions from Pooled Investments	6,334,724,473	6,226,762,483	107,961,990	1.7%
Distributions to Participants	22,575,636	30,946,391	(8,370,755)	-27.0%
Treasury Operating Expenses	1,295,310	1,100,534	194,776	17.7%
Total Deductions	6,358,595,419	6,258,809,408	99,786,011	1.6%
Changes in Net Assets	(102,280,863)	144,335,530	(246,616,393)	-170.9%
Net Assets Beginning of Year	930,663,864	786,328,334	144,335,530	18.4%
Net Assets End of Year	\$ 828,383,001	\$ 930,663,864	\$ (102,280,863)	-11.0%

BASIC FINANCIAL STATEMENTS

**County of Tulare
Treasurer's Investment Pool
Statement of Net Assets
June 30, 2010**

ASSETS:

Cash on Hand and Bank Deposits (Note 2)	8,853,829
Interest Receivable	3,865,633
Due from Pool Participants	52,378
Investments (Note 3)	815,611,161
	<hr/>
Total Assets:	<hr/> \$ 828,383,001 <hr/>

LIABILITIES AND NET ASSETS:

Liabilities:

Distributions Payable	\$ -
	<hr/>
Total Liabilities	<hr/> - <hr/>

Net Assets:

Held in Trust for Treasury Pool Participants	828,383,001
	<hr/>
Total Net Assets	<hr/> \$ 828,383,001 <hr/>

The notes to the basic financial statements are an integral part of this statement.

**County of Tulare
Treasurer's Investment Pool
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2010**

Additions:

Participants' Deposits		\$ 6,227,996,636
Investment Income: (Note 4)		
Interest and Dividends	\$ 17,722,324	
Gain on Sale of Investments	6,109,002	
Net Increase in Fair Market Value	4,486,594	
Total Investment Income Earned		28,317,920
Total Additions		6,256,314,556

Deductions:

Participants' Withdrawals (Note 5)		6,334,724,473
Income Apportioned to Participants		22,575,636
Operating Expenditures		1,295,310
Total Deductions		6,358,595,419
Increase in Net Assets		(102,280,863)
Beginning Net Assets Held In Trust For Pool Participants		930,663,864
Ending Net Assets Held in Trust for Pool Participants		\$ 828,383,001

The notes to the basic financial statements are an integral part of this statement.

**County of Tulare
Treasurer's Investment Pool
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2010**

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The Tulare County Investment Pool (the Investment Pool) is part of the County of Tulare (the County) and is responsible for assets of approximately \$828 million as of June 30, 2010. The cash balances of substantially all of the County's funds, as well as those of participating schools and agencies, are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The Treasurer's Investment Pool (the Pool) is administered by the County Treasurer-Tax Collector and is not registered with the Securities and Exchange Commission. The Investment Pool's investment objectives are to safeguard principal, meet the liquidity needs of the participants, and return an acceptable yield within the parameters of prudent risk management (California Government Code sections 27000.5 and 53600.5).

Pursuant to Sections 27130-27137 of the California Government Code, the Board of Supervisors has established a Treasurer's Oversight Committee (TOC) whose function is to monitor compliance with the Investment Policy. The TOC is comprised of Tulare County officials, representatives from various pool participants, and members of the public. The Treasurer also reports on a monthly basis to the Board of Supervisors.

B. Reporting Method

The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Investment Pool follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

C. Investment Valuation

Treasury Pool investments are accounted for in accordance with the provisions of GASB 31, *Accounting and Financial Reporting for Certain Investments, and for External Investment Pools*, which requires governmental entities to report certain investments at fair market value in the statement of net assets and recognize the corresponding change in fair market value of investments in the year in which the change occurred. The fair market value of pooled investments is determined monthly and is based upon valuation provided by the Investment Pool's safekeeping agent.

D. Investment Income and Apportionment

The County Treasurer calculates and records all interest earned, received, and accrued for the Treasurer's Investment Pool on a daily basis. Interest earned on the pooled investments is apportioned quarterly based on the average daily balance of each pool participant. It is the County's policy to charge interest to a participant whose average daily equity is negative.

Note 2 – Cash Deposits

As of June 30 2010, the Treasurer's Investment Pool's bank deposits had a carrying amount of \$108,413,853 including the investment in non-negotiable time deposits totaling \$25,000,000. The balance per the financial institution totaled \$121,729,946. Of the balances in the financial institutions, \$25,500,000 was covered by Federal Depository Insurance (FDIC). The remaining \$96,229,946 was collateralized with pooled securities as required by the California Government Code. The California Government Code requires California banks and savings and loan associations to secure the County's deposits by pledging government securities or first trust deed mortgage notes. The market value of the pledged government securities and first trust deed mortgage notes must be at least 110% and 150% of the County's deposits, respectively. The collateral is held by the pledging financial institutions trust department or its agent and is considered to be held in the County's name.

Note 3 - Investments

The Investment Pool's cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy, in order of priority, are: preservation of capital, liquidity, and yield. The County's Investment Policy, in compliance with California Government Code Section 53635, authorizes the Treasurer to invest in the following:

- a) Bonds issued by the County of Tulare
- b) Obligations of the U.S. Treasury
- c) Obligations issued by a State or Local Agency
- d) Obligations of Federal Agencies or U.S. Government Sponsored Enterprises
- e) Bankers Acceptances eligible for purchase by the Federal Reserve System
- f) Commercial Paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record
- g) Negotiable Certificates of Deposit
- h) Medium Term Corporate Notes rated "A" or better
- i) Money Market Funds
- j) Repurchase and Reverse Repurchase Agreements
- k) Local Agency Investment Fund (LAIF)
- l) Managed Investment Pools pursuant to §53601

Custodial Credit Risk

This is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Treasury has limited its custodial credit risk on investments by having all investments in the name of the County. In accordance with the Governmental Accounting Standards Board Statement 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, the County's investments have been classified into the following three categories of custodial credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by the counterparty's trust department or agent, but not in the County's name.

As of June 30, 2010, the entire portfolio is under category (1) except for Money Market Funds, which do not fall under any of the above categories of credit risk as the investment in these funds are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

This is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. The Treasury mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and generally holding these securities to maturity.

Credit Risk and Concentration of Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment with a single issuer. The Treasury mitigates these risks by holding a diversified portfolio of high quality investments and limits the percentage of the total investments to the type of investment and to any one issuer by type of allowable investment instrument. State law also limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The NRSRO's used by the County are listed in the County's investment policy and are Standard and Poor's, and Moody's. Securities that are fully guaranteed as to payment by an agency, or government sponsored enterprise of the US Government were rated AAA by a national recognized statistical-rating organization.

As of June 30, 2010, the County invested in primarily high quality investments as shown below.

Credit Ratings	
U.S. Treasury	15%
AAA	62%
AA	9%
A	5%
SP-1+*	2%
FDIC Insured Deposit	3%
Not Rated**	4%
Total	100%

* Municipal short-term rating for the County's TRANS debt by Standard and Poor's.

** The portion of the portfolio that is not rated represents the \$30,000,000 deposit in LAIF, the State of California investment fund.

The Investment Pool's Investments as of June 30, 2010, are as follows:

	Carrying Value (000)	Reported/ Fair Value (000)	WAM (in days)	Stated Interest Rate	Maturity Range
U.S. Treasury Obligations	\$ 120,145	\$ 123,834	787	0.100% - 4.875%	08/2010 - 02/2015
Federal Agency Obligations	312,174	321,387	975	0.825% - 6.790%	10/2010 - 04/2015
FDIC Guaranteed Notes	86,843	88,832	712	2.100% - 3.250%	11/2011 - 12/2012
Corporate Notes/Bonds	101,526	104,210	1,087	2.100% - 7.250%	08/2010 - 03/2015
Municipal Obligations	14,936	14,947	1,174	3.360% - 4.510%	08/2010 - 06/2014
	635,624	653,210			
Other investments:					
Non-negotiable Time Deposits	25,000	25,000	78	0.500% - 0.650%	07/2010 - 11/2010
Money Market Funds	91,809	91,809	1		
LAIF Managed Pool	30,000	30,049	1		
Other Managed Pool	15,539	15,542	1		
Total other investments	162,348	162,400			
Total Investments	\$ 797,972	\$ 815,610			

Investments in Money Market Funds and the Managed Pools are not categorized, in accordance with GASB No. 40 because they are not evidenced by securities that exist in physical or book entry form.

The Investment Pool held investments in excess of 5% of the total yearend investments for the following issuers:

Issuer	Amount	Percentage
Federal National Mortgage Association	139,158,745	17.1%
United States Treasury	123,834,161	15.2%
Rabobank	83,587,714	10.3%
Federal Home Loan Mortgage Corporation	71,952,951	8.8%
Federal Home Loan Bank	59,097,233	7.3%

Note: The \$83,587,714 obligation from Rabobank represents deposits which are collateralized at a minimum of 110% pursuant to Government Code.

California Local Agency Investment Fund (LAIF)

The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without penalty or loss of interest. The value of the Pool's shares in LAIF that may be withdrawn is determined on an amortized cost basis, which may be different from the fair value of the County's position in the pool. Participation in LAIF is voluntary. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov.

As of June 30, 2010, the Investment Pool's investment in LAIF is \$30,049,313. The total amount recorded by all public agencies in LAIF at that date is \$23,263,615,098. Of that amount, 94.6% is invested in non-derivative financial products and 5.4% of the portfolio is invested in Medium-term and Short-term Structured notes and Asset-backed securities.

Repurchase Agreements

Repurchase Agreements are contracts in which a broker/dealer sells securities to the Investment Pool with an agreement to repurchase those securities for a fixed price at an agreed-upon date. Government Code requires that California public entities that utilize repurchase agreements collateralize the investments that underlay the repurchase agreements with amounts that exceed cost. The market value of the securities underlying the repurchase agreements must be valued at 102% or greater. The Pool's Investment Policy reflects this requirement. As of June 30, 2010, the portfolio had no outstanding repurchase agreements.

Note 4 – Treasury Pool Income

The fair market value fluctuates with interest rates, and increasing rates could cause the value of investments to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

As of June 30, 2010, the investment income was comprised of the following:

<u>Investment Income</u>		
Interest and Dividends	\$	17,722,324
Net (Increase) in the Fair Value		10,595,596
Less: Investment Expenses		<u>(1,295,310)</u>
Total Treasury Pool Income	\$	<u><u>27,022,610</u></u>

The net increase in fair market value gain and gain on sale of investments during the fiscal year 2009-2010 was \$10,595,596. This amount takes into account all changes, including the net gain on sale of investments of \$6,109,002 that occurred during the year. The fair market value gain on investments held as of June 30, 2010, was \$4,486,594.

Note 5 – Income Apportionment and Participant Withdrawals

The County Treasurer calculates and records all interest earned, received, and accrued for the Pool on a daily basis. The apportionment of investment earnings to the various funds participating in the Investment Pool is done at the end of each calendar quarter pursuant to Government Code Section 53647.

The apportioned amount is computed as follows:

$$\text{Participating Share of Pool Income} = \frac{(\text{Fund's Avg. Daily Equity} \times \text{Pool Total Income})}{\text{Total Pool Average Daily Equity}}$$

The value of the participant's shares in the pool that may be withdrawn is determined on an amortized cost basis, which may be different from the fair market value of the participant's position in the Pool.

Note 6 – Interfund Balance

Due from Pool Participants represents current outstanding balances between funds at the end of the fiscal reporting period. The County's computerized general ledger only allows for the transfer of cash between funds until mid-July following the end of the fiscal year. Therefore, the recording of interfund activity, which occurred during the fiscal year, but which is entered to the system after mid-July, results in an interfund receivable/payable. The balance due from pool participants at June 30, 2010, was \$52,378.

OTHER INDEPENDENT AUDITOR'S REPORT

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Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
County of Tulare
Visalia, California

We have audited the financial statements of the Treasurer's Investment Pool of the County of Tulare (the County), as of and for the year ended June 30, 2010, and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

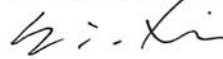
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

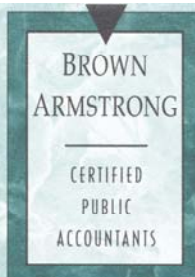
This report is intended solely for the information and use of the Board of Supervisors, Treasury Oversight Committee, management, and others within the administration of the County of Tulare Treasurer's Investment Pool and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
February 25, 2011

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Tulare
Visalia, California

We have examined management's assertion, included in the management representation letter dated February 25, 2011, that the County of Tulare Treasurer's Investment Pool (the County) complied with the provisions of the California Government Code and the County's Investment Policy during the fiscal year ended June 30, 2010. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the County's compliance with specified requirements.

In our opinion, management's assertion that the County of Tulare Treasurer's Investment Pool complied with the aforementioned requirements for the fiscal year ended June 30, 2010, is fairly stated, in all material respects.

This report is intended solely for the information of the Tulare County Treasury Oversight Committee, the County Board of Supervisors, management, and applicable legislative bodies. However, this report is a matter of public record and its distribution is not limited. In addition, an audit report providing an opinion as to the financial position of the Treasurer's Investment Pool as of June 30, 2010, was issued separately.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

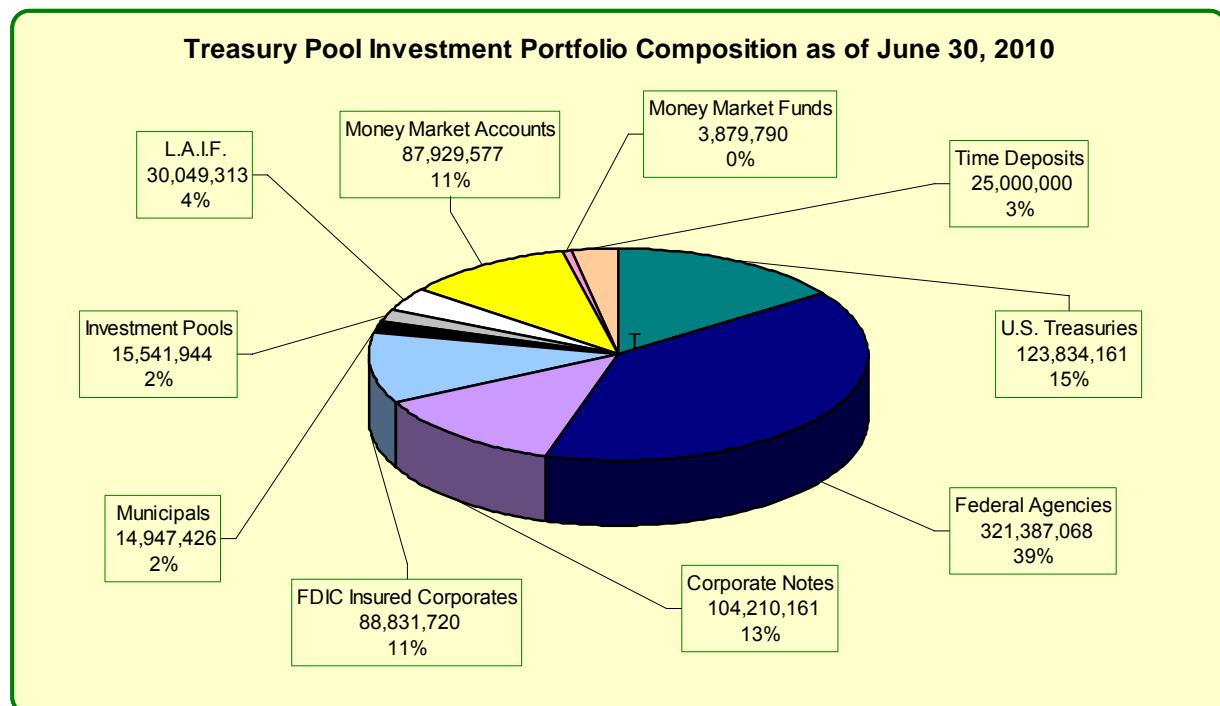
A handwritten signature in dark ink, appearing to read "E. Xin", is written over the printed name of the firm.

Bakersfield, California
February 25, 2011

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

INVESTMENT SECTION

Treasury Pool Investment Portfolio Composition as of June 30, 2010



Administrative Overview

During the fiscal year 2009-10, the Tulare County Treasurer's Investment Pool's activities included the following:

- During the year, the Investment Pool structure has remained in compliance with the Investment Policy.
- The Investment Pool's investments had an increase in weighted average days to maturity from 539 days at June 30, 2009, to 740 days at June 30, 2010.
- The Investment Pool's total net assets decreased by 11.0% from \$931 million on June 30, 2009, to \$828 million on June 30, 2010.
- The unrealized change in fair value of investments decreased from a \$8.2 million gain at June 30, 2009, to a \$4.5 million gain at June 30, 2010.
- The Investment Pool's expense ratio remained competitive at 0.15% of the average daily balance for the fiscal year 2009-10 and 0.14% for the fiscal year 2008-2009.
- The net investment income of the Investment Pool decreased by 28.9% from \$39.8 million for the year ended June 30, 2009, to \$28.3 million for the year ended June 30, 2010.

Outline of the Investment Policy

The Tulare County Treasurer's Investment Pool is managed in accordance with prudent money management principles and California Code Sections 27000.1-27000.5, 27130-27137, and 53600-53686.

The objectives of the Investment Pool, in order of priority, are:

1. **Safety** – The investment portfolio shall safeguard capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud, or error.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to enable the Treasury Pool to meet the operating requirements of its participants.
3. **Yield** – The investment portfolio shall achieve a competitive rate of return within the parameters of prudent risk management and the other primary goals of Safety and Liquidity.

The investment portfolio is managed in accordance with the parameters specified within the Investment Policy. The investment performance objective for the portfolio shall be to earn a total rate of return which is approximately equal to or greater than the return on a portfolio/index of securities with commensurate risk. These will include the Local Agency Investment Fund (LAIF) and the average two-year Treasury Note.

On an annual basis, the Treasury Oversight Committee (TOC) reviews and approves the Investment Policy. Once the TOC has recommended approval, the Board of Supervisors reviews and adopts the Investment Policy in a public forum. The Investment Policy focuses on risk management by setting limits on principal exposure by type of security, by issuer of debt, by minimum credit ratings and by placing return as the least important objective compared to safety and liquidity.

No investment shall be made in any security with a maturity greater than five years and the dollar-weighted average maturity of the portfolio shall not exceed 3.5 years. Some investments are restricted to terms less than five years. These maturity limitations are described in the following table.

Tulare County Treasurer's Pool

Investment Report

Allowable Instruments	County Maximum % of Portfolio	Code Maximum % of Portfolio	County Maximum Maturity	Code Maximum Maturity	County % per Issuer ¹
U.S. Treasury Obligations (\$53601 (b))	100	100	5 Years	5 Years	100
U.S. Agency Obligations or U.S. Government Sponsored Enterprises (\$53601 (f))	75	100	5 Years	5 Years	25
FDIC - Guaranteed Corporate Debt under the Temporary Liquidity Guarantee Program (TLGP)	35	100	5 Years	5 Years	10
Medium Term Notes (Corporate) (\$53601 (k))	30	30	5 Years	5 Years	10
Bankers' Acceptances (\$53601 (g))	40	40	180 Days	180 Days	10
Negotiable Certificates of Deposit (\$53601 (i))	30	30	5 Years	5 Years	10
Repurchase Agreement (\$53601 (j))	50	None	30 Days	1 Year	N/A
Reverse Repurchase Agreements (\$53601 (j))	20	20	92 Days	92 Days	10
Collateralized "Time Deposits" (\$53650 et seq.)	30	None	3 Years	None	25
Money Market Accounts (\$53650 et seq.)	50	None	N/A	None	25
Commercial Paper (\$53601 (h) and (\$53635 (a))	40	40	270 Days	270 days	10
Money Market Funds (\$53601 (k))	15	20	N/A	N/A	10
Obligations issued by a State or local agencies within California or any of the other 49 United States (\$53601 (d)(e))	30	100	5 Years	5 Years	10
Tulare County (\$53601 (a))	15	100	5 Years	5 Years	10
L.A.I.F. (\$16429.1)	Maximum Allowed	Per State Treasury Policy	N/A	N/A	N/A
Managed Investment Pool pursuant to \$53601(p)	50	None	N/A	N/A	N/A

- 1 With the exception of overnight repurchase agreements, U.S. Government securities, including its agencies and instrumentalities, and authorized pools, no more than 10% of the County's aggregate investment portfolio may be invested in securities of a single issuer. Commercial paper is further limited to 5% of the outstanding paper of the issuing corporation.

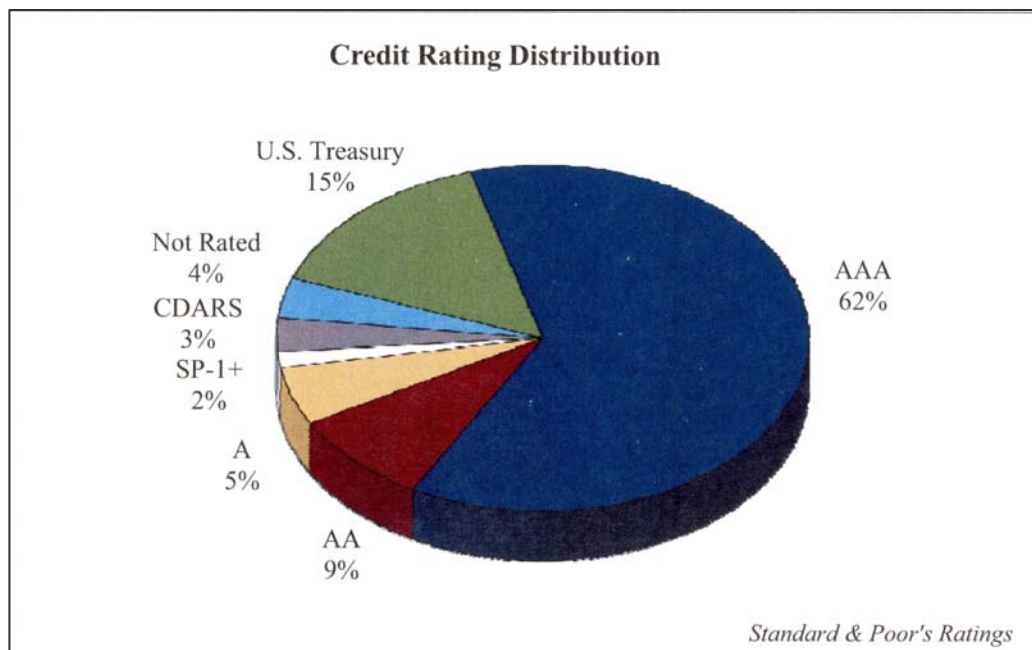
Credit Risk and Concentration of Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment with a single issuer. As of June 30, 2010, the Investment Pool mitigated these risks by holding a diversified portfolio of primarily high quality investments.

Credit Ratings	
U.S. Treasury	15%
AAA	62%
AA	9%
A	5%
SP-1+*	2%
FDIC Insured Deposit	3%
Not Rated**	4%
Total	100%

* Municipal short-term rating for the County's TRANS debt by Standard and Poor's.

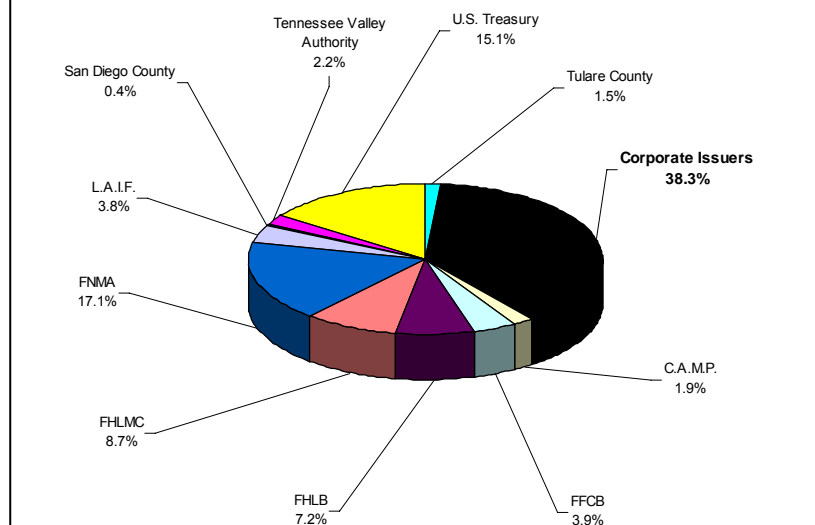
** The portion of the portfolio that is not rated represents the \$30,000,000 deposit in LAIF, the State of California investment fund.



Tulare County Treasurer's Pool

Investment Report

Tulare County Pool Characteristics by Issuer



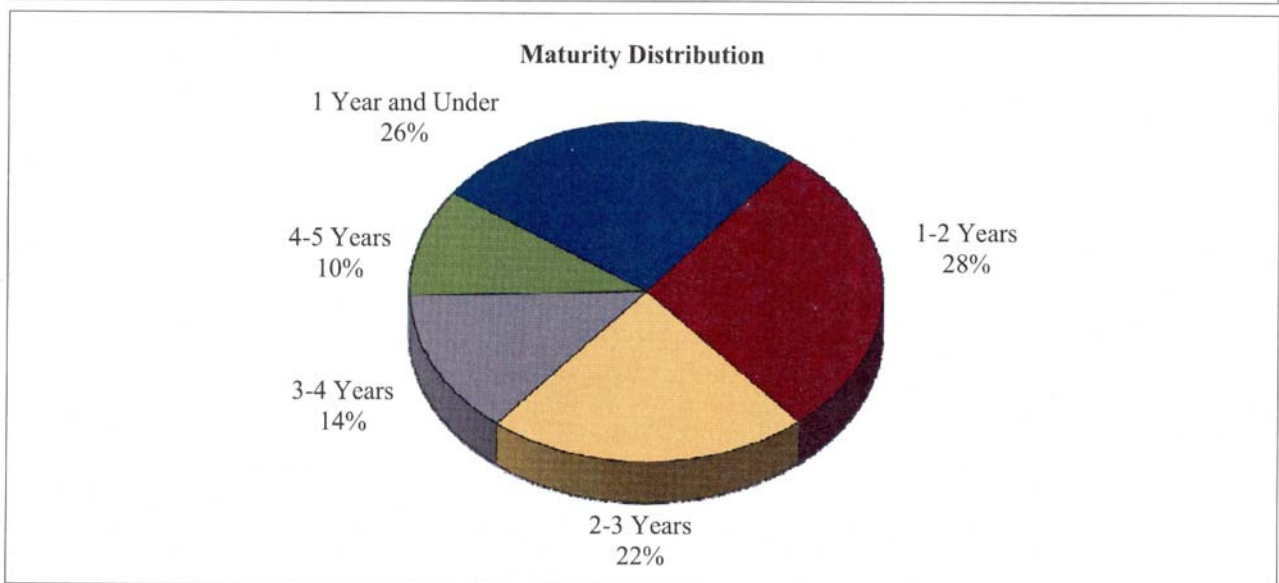
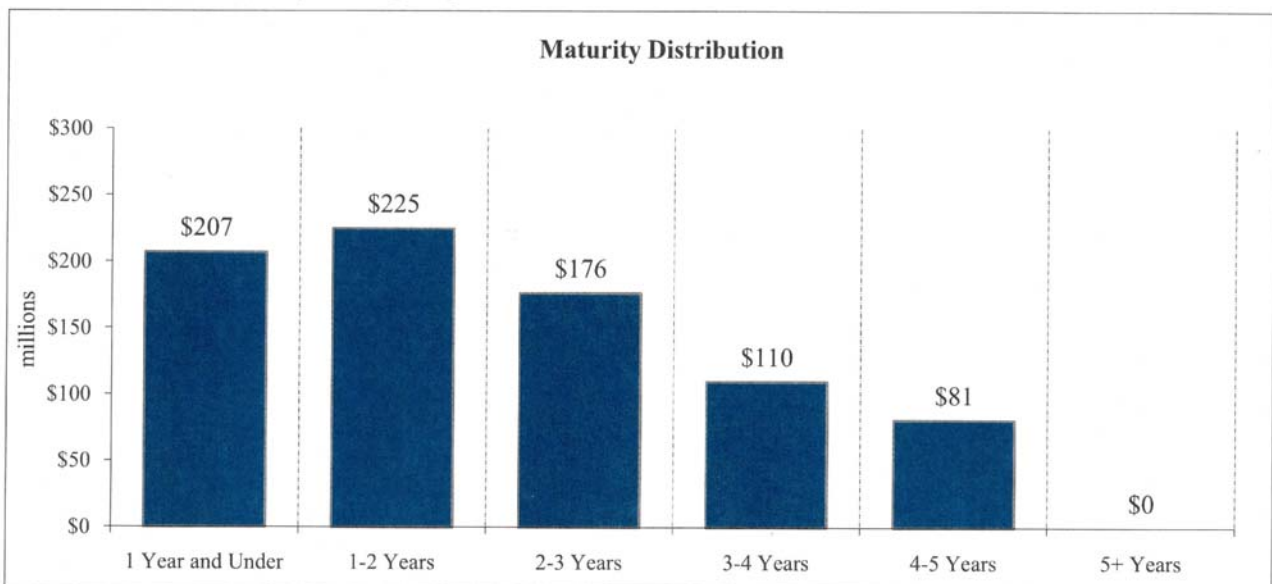
Corporate Issuer (38.3%)	Book Value	Market Value	% of Corporate Issuers	Rating	WAM (in days)
Bank of America	12,982,835	13,242,544	4.3%	AAA ²	701
Bank of New York Mellon	6,251,160	6,549,631	2.0%	AA-	1,331
Bank of the West	5,074,785	5,120,800	1.7%	AAA ²	635
Bellsouth Corp	2,945,480	3,028,020	1.0%	A	1,537
Berkshire Hathaway	4,688,831	4,798,915	1.5%	AA+	1,686
Blackrock Inc.	3,142,169	3,163,155	1.0%	A+	1,623
CDARS	25,000,000	25,000,000	8.2%	FDIC	78
Chevron Funding	4,422,543	4,518,016	1.4%	AA	1,341
Citigroup	1,798,033	1,844,118	0.6%	AAA ²	669
Emerson Electronic	2,333,342	2,341,647	0.8%	A	45
G.E. Capital	16,508,088	16,788,414	5.4%	AA+	998
G.E. Capital	8,972,130	9,211,686	2.9%	8.3% AAA ²	904
General Dynamics	2,503,088	2,510,375	0.8%	A	45
Goldman Sachs	8,755,870	9,047,203	2.9%	AAA ²	715
Hewlett Packard	3,069,890	3,157,772	1.0%	A	1,432
H.S.B.C. Securities	5,110,170	5,178,900	1.7%	AAA ²	533
IBM	2,957,081	2,996,036	1.0%	A+	1,040
J.P. Morgan	10,068,207	10,447,174	3.3%	A+	905
J.P. Morgan	8,954,765	9,183,880	2.9%	6.2% AAA ²	909
Morgan Stanley	3,295,703	3,284,729	1.1%	A	1,412
Northern Trust Corp.	2,972,245	3,027,859	1.0%	AA-	1,400
Pepsi, Inc.	3,226,639	3,227,689	1.1%	A-	1,659
Pfizer	2,334,946	2,451,083	0.8%	AA	1,325
PNC Funding Corp	10,586,122	10,811,220	3.5%	AAA ²	719
Praxair, Inc.	1,469,933	1,381,439	0.5%	A	1,733
Rabobank ¹	83,587,714	83,587,714	27.4%	AAA	1
Sovereign Bank	1,898,978	1,927,328	0.6%	AAA ²	565
Suntrust Bank	4,992,858	5,157,850	1.6%	AAA ²	503
UBOC - Highmark Funds	3,879,790	3,879,790	1.3%	A+	1
Union Bank of California ¹	4,341,863	4,341,863	1.4%	2.7% A+	1
US Bancorp	8,789,195	8,987,585	2.9%	AAA ²	621
Walmart	8,745,105	8,805,050	2.9%	AA	1,044
Wells Fargo / Wachovia	20,687,378	21,733,157	6.8%	AA-	800
Wells Fargo / Wachovia	8,927,742	9,118,606	2.9%	9.7% AAA ²	715
	305,274,676	309,851,248	100.0%		571

Notes:

1. The deposits with Union Bank of California and Rabobank are collateralized at a minimum of 110% pursuant to California Government Code.
2. These obligations are FDIC insured under the Federal Government's Temporary Liquidity Guarantee Program (TLGP). The FDIC language explicitly states that the guarantee carries the full faith and credit of the U.S. Government. Moody's, Standard and Poor's, and Fitch have issued opinion that confirms the "AAA" rating of this guaranteed debt.

Interest Rate Risk

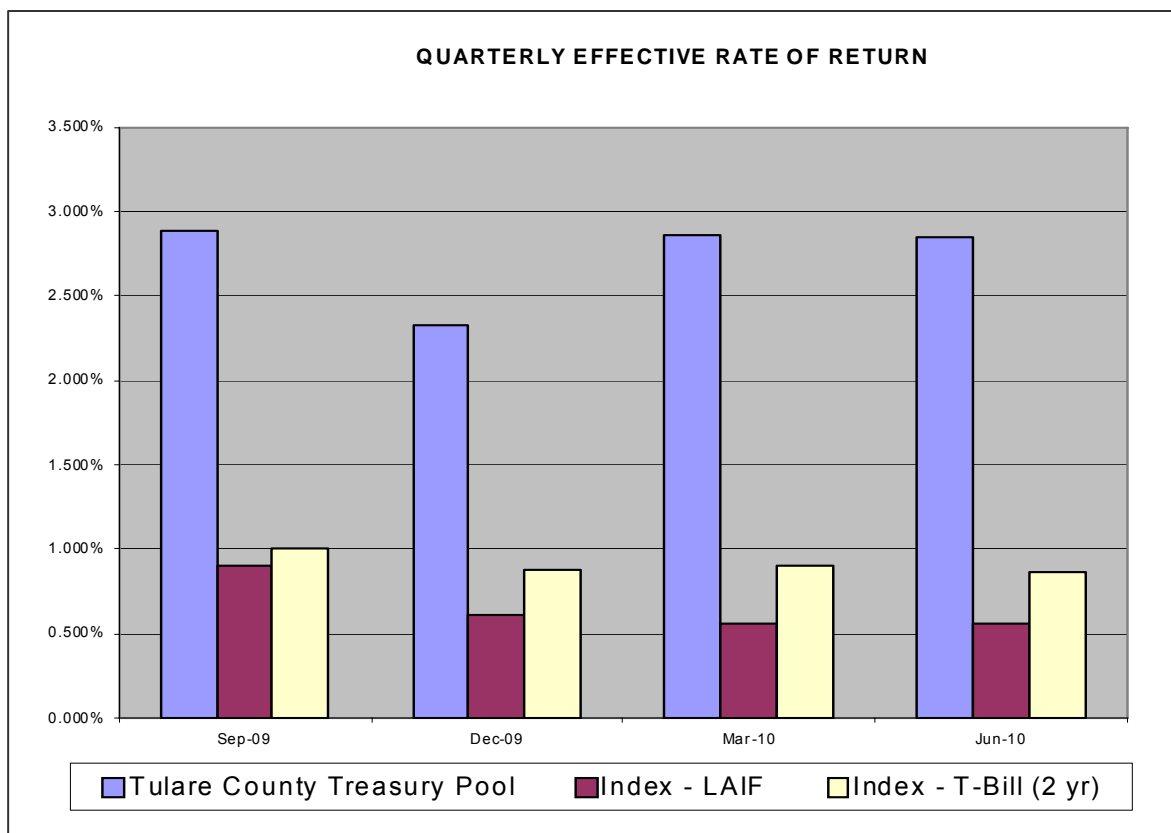
This is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. The Treasury mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes. As of June 30, 2010, the investment portfolio had a high degree of liquidity.



* Maturity Distribution values represent Book Valuation.

Investment Results and Income Allocation

The investment portfolio was managed in accordance with the parameters specified within the investment policy. The investment performance objective for the portfolio shall be to earn a total rate of return which is approximately equal to or greater than the return on a portfolio/index of securities with commensurate risk. These benchmarks include the Local Agency Investment Fund (LAIF) and the average two-year Treasury Note. A chart of the Investment Portfolio versus the identified benchmarks is shown below.



The interest earned by each Investment Pool participant is proportionate to the quarterly average daily balance of the participant. Prior to distribution, expenses incurred by the County Treasury are deducted from the realized earnings. The Investment Pool's expense ratio for fiscal year 2009-2010 was .15% of the average daily balance. Apportionments are not paid out by warrants; all earnings are reinvested in the Investment Pool.

Tulare County Treasurer's Pool

Investment Report

	QTR 1	QTR 2	QTR 3	QTR 4	ANNUALIZED	
Average Daily Balance	876,439,203	855,415,363	889,914,272	875,016,828	874,196,417	
Total Earnings	6,351,928	5,019,693	6,281,708	6,222,660	23,875,989	2.73%
Treasury Fees	(325,309)	(328,516)	(327,382)	(319,147)	(1,300,354)	0.15%
Earnings - Net of Fees	6,026,619	4,691,177	5,954,326	5,903,513	22,575,635	2.58%

Investment Holdings Summary

Tulare County Treasury Investment Pool Statistics - June 30, 2010							
	PERCENT OF PORTFOLIO	MARKET VALUE	BOOK VALUE	ACCRUED INTEREST	UNREALIZED GAIN(LOSS)	YTM	DAYS TO MATURITY
US Treasury Notes	14.31%	116,730,795	113,041,129	452,003	3,689,665	2.222	833
US Treasury - Discount	0.87%	7,103,366	7,104,033		(667)	0.103	49
Federal Agency Notes	39.34%	320,888,318	311,674,201	2,179,193	9,214,117	2.532	975
Federal Agency - Floating Rate	0.06%	498,750	500,000	(3,707)	(1,250)	6.007	827
Municipal Notes/Bonds	1.46%	11,908,394	11,908,394	64,677	-	3.360	1,460
Municipal Bonds - Discount	0.37%	3,039,032	3,027,833	-	11,199	5.086	45
Corporate Medium Term Notes	12.10%	98,680,952	95,946,272	997,757	2,734,680	3.611	1,101
Corporate MTN - Floating Rate	0.68%	5,529,209	5,579,525	4,707	(50,316)	5.489	854
Corporate MTN - FDIC Insured	10.89%	88,831,720	86,843,483	203,751	1,988,237	2.159	712
Bank Time Deposits	3.07%	25,000,000	25,000,000	30,753	-	0.580	78
Local Agency Investment Fund	3.68%	30,049,313	30,000,000	52,632	49,313	0.560	1
Other Investment Pools	1.91%	15,541,944	15,538,505	(161,442)	3,439	0.240	1
Money Market Funds	11.26%	91,809,367	91,809,367	45,309	-	0.658	1
	100.00%	815,611,161	797,972,744	3,865,633	17,638,417	2.205	740

A complete list of the Investment Pool's Holdings is available on the internet at:
http://www.co.tulare.ca.us/government/treasurertax/treasurer_information/

STATISTICAL SECTION

Objectives

This section presents detailed information on the Investment Pool with historical perspective as a context for understanding and using the information in the financial statements, note disclosures, and required supplementary information. The following schedules contain seven-year trend information to help the reader assess the changes over time.

Schedule of Additions/Deductions and Changes in Net Assets

This table allows the reader to evaluate the movements of increases and decreases in net assets.

SCHEDULE OF ADDITIONS/DEDUCTIONS AND CHANGES IN NET ASSETS					
	2010	2009	2008	2007	2006
Additions					
Additions to Pooled Investments	6,227,996,636	6,363,329,673	5,998,926,860	5,714,827,060	1,814,966,497
Net Investment Income	28,317,920	39,815,264	43,006,565	33,144,073	15,588,237
Total Additions	6,256,314,556	6,403,144,937	6,041,933,425	5,747,971,133	1,830,554,734
Deductions					
Distributions to Pooled Investments	6,334,724,473	6,226,762,483	5,971,028,221	5,628,232,150	1,738,767,985
Distributions to Participants	22,575,636	30,946,391	32,195,598	29,036,998	20,226,122
Treasury Operating Expenses	1,295,310	1,100,533	1,098,411	899,810	1,081,109
Total Liabilities	6,358,595,419	6,258,809,406	6,004,322,229	5,658,168,958	1,760,075,216
Changes in Net Assets	(102,280,863)	144,335,530	37,611,195	89,802,175	70,479,518
Net Assets Beginning of Year	930,663,864	786,328,334	748,717,139	658,914,964	588,435,446
Net Assets End of Year	828,383,001	930,663,864	786,328,334	748,717,139	658,914,964

SCHEDULE OF ADDITIONS/DEDUCTIONS AND CHANGES IN NET ASSETS		
	2005	2004
Additions		
Additions to Pooled Investments	1,719,308,238	1,561,144,454
Net Investment Income	13,673,439	3,860,120
Total Additions	1,732,981,677	1,565,004,574
Deductions		
Distributions to Pooled Investments	1,659,889,580	1,578,566,594
Distributions to Participants	13,925,749	13,950,377
Treasury Operating Expenses	962,426	915,751
Total Liabilities	1,674,777,755	1,593,432,722
Changes in Net Assets	58,203,922	(28,428,148)
Net Assets Beginning of Year	530,231,524	558,659,672
Net Assets End of Year	588,435,446	530,231,524

Schedule of Investment Asset Allocation

This table presents historical changes in asset allocation to help the reader evaluate portfolio diversity and risk

Investment Pool Asset Allocation - Fair Value (dollar amount in thousands)															
	6/30/2010			6/30/2009			6/30/2008			6/30/2007			6/30/2006		
	AMOUNT	%	WAM	AMOUNT	%	WAM	AMOUNT	%	WAM	AMOUNT	%	WAM	AMOUNT	%	WAM
US Treasury Notes	116,731	14.3%	833	141,645	15.4%	1,012	104,345	13.6%	1,281	91,281	12.5%	933	57,667	9.0%	684
US Treasury - Discount	7,103	0.9%	49	1,283	0.1%	169	-	0.0%	-	-	0.0%	-	-	0.0%	-
Federal Agency Notes	320,888	39.3%	975	217,128	23.5%	985	221,855	29.0%	925	220,837	30.2%	806	237,794	36.9%	642
Federal Agency - Discount	-	-	-	-	0.0%	-	-	0.0%	-	1,371	0.2%	246	-	0.0%	-
Federal Agency - Step-ups	-	0.0%	-	6,750	0.7%	338	27,504	3.6%	664	31,403	4.3%	905	43,606	6.8%	1,184
Federal Agency - Floating Rate	499	0.1%	827	698	0.1%	1,192	897	0.1%	1,557	1,097	0.2%	1,923	1,297	0.2%	2,288
Municipal Notes/Bonds	11,908	1.5%	1,460	28,781	3.1%	53	2,158	0.3%	1,004	-	0.0%	-	-	0.0%	-
Municipal Bonds - Discount	3,039	0.4%	45	2,945	0.3%	410	2,765	0.4%	775	2,580	0.4%	1,141	-	0.0%	-
Corporate Medium Term Notes	98,681	12.1%	1,101	83,342	9.0%	701	134,890	17.6%	716	117,974	16.1%	917	63,075	9.8%	615
Corporate MTN - Floating Rate	5,529	0.7%	854	15,705	1.7%	551	4,877	0.6%	727	-	0.0%	-	-	0.0%	-
Corporate MTN - FDIC Insured	88,832	10.9%	712	58,874	6.4%	1,093	-	0.0%	-	-	0.0%	-	-	0.0%	-
Repurchase Agreements	-	-	-	-	0.0%	-	93,000	12.1%	1	214,000	29.3%	2	81,000	12.6%	3
Commercial Paper - Discount	-	-	-	-	0.0%	-	48,736	6.4%	68	-	0.0%	-	109,524	17.0%	31
Bank Time Deposits	25,000	3.1%	78	170,000	18.4%	42	50,000	6.5%	44	-	0.0%	-	-	0.0%	-
Local Agency Investment Fund	30,049	3.7%	1	40,052	4.3%	1	39,998	5.2%	1	19,990	2.7%	1	19,964	3.1%	1
Other Investment Pools	15,542	1.9%	1	100,433	10.9%	1	-	0.0%	-	-	0.0%	-	-	0.0%	-
Money Market Funds	91,809	11.3%	1	54,795	5.9%	1	34,718	4.5%	1	30,646	4.2%	1	30,221	4.7%	1
	815,610	100.0%	740	922,431	100.0%	539	765,743	100.0%	609	731,179	100.0%	556	644,148	100.0%	452

	6/30/2005			6/30/2004					
	AMOUNT	%	WAM	AMOUNT	%	WAM			
US Treasury Notes	96,584	16.7%	573	73,051	14.3%	573			
US Treasury - Discount	-	0.0%	-	-	0.0%	-			
Federal Agency Notes	210,658	36.3%	743	204,377	40.0%	887			
Federal Agency - Discount	-	0.0%	-	-	0.0%	-			
Federal Agency - Step-ups	36,814	6.3%	1,558	23,687	4.6%	1,406			
Federal Agency - Floating Rate	1,496	0.3%	2,653	1,696	0.3%	3,018			
Municipal Notes/Bonds	-	0.0%	-	-	0.0%	-			
Municipal Bonds - Discount	5,915	1.0%	153	5,747	1.1%	518			
Corporate Medium Term Notes	63,753	11.0%	442	46,181	9.0%	489			
Corporate MTN - Floating Rate	-	0.0%	-	-	0.0%	-			
Corporate MTN - FDIC Insured	-	0.0%	-	-	0.0%	-			
Repurchase Agreements	30,000	5.2%	1	21,000	4.1%	1			
Commercial Paper - Discount	104,890	18.1%	42	94,932	18.6%	45			
Bank Time Deposits	-	0.0%	-	-	0.0%	-			
Local Agency Investment Fund	19,955	3.4%	1	39,935	7.8%	1			
Other Investment Pools	-	0.0%	-	-	0.0%	-			
Money Market Funds	10,000	1.7%	1	-	0.0%	-			
	580,065	100.0%	530	510,606	100.0%	572			

Schedule of Earnings, Expenses, Average Daily Balances, and Returns

This table contains information to help the reader assess the Investment Pool's performance. It also presents the related expenses and its impact on returns.

SCHEDULE OF EARNINGS, EXPENSES, AVERAGE DAILY BALANCES, AND RETURNS								
FISCAL YEAR	AVERAGE BALANCE	INTEREST EARNINGS	TREASURY FEES	ANNUALIZED Y-T-D	ANNUALIZED RATE OF RETURN			
					1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2003 - 2004	n/a	n/a	n/a	2.77%	3.21%	3.21%	2.42%	2.23%
2004 - 2005	n/a	n/a	n/a	2.45%	2.19%	2.37%	2.12%	3.04%
2005 - 2006	n/a	n/a	n/a	3.42%	3.08%	3.12%	2.96%	4.02%
2006 - 2007	656,766,972	29,936,808	(899,810)	4.42%	4.16%	4.13%	4.58%	4.74%
2007 - 2008	728,941,097	33,294,010	(1,098,411)	4.42%	4.68%	4.77%	4.42%	3.85%
2008 - 2009	803,188,191	32,046,924	(1,100,533)	3.85%	4.08%	5.71%	2.99%	3.01%
2009 - 2010	874,196,417	23,875,989	(1,300,354)	2.58%	2.73%	2.18%	2.71%	2.71%
n/a - Accounting data used in the preparation of this table was not archived in such a manner to enable a retroactive restatement of the previous accounting years.								

